



# Health Services

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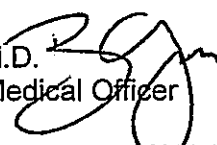
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August 13, 2007

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.  
Director and Chief Medical Officer 

SUBJECT: **MARTIN LUTHER KING, JR. - HARBOR HOSPITAL  
CLOSURE IMPLEMENTATION PLAN**

The Department of Health Services received a negative finding from the federal Centers for Medicare and Medicaid Services (CMS) on its final survey of Martin Luther King, Jr. – Harbor Hospital (MLK-H). As a result, we are implementing our contingency plan as previously presented to your Board. This memo will also request Board approval for actions needed to maintain health services. A summary of the plan is listed below and detailed in Attachment #1:

1. Redirect 9-1-1 ambulance transports to 9 area hospitals surrounding MLK-H.
2. Close the Emergency Department (ED).
3. Operate an Urgent Care Center 16 hours per day/7 days per week.
4. Maintain on-site ambulance services at MLK-H for emergent care transfers from Urgent Care to Harbor-UCLA as long as needed.
5. Phase out inpatient beds at MLK-H on an orderly basis over a period of ten days. If patient safety dictates, inpatient operations will be ceased as soon as possible.
6. Implement a bilingual communication outreach program.
7. Retain the same 153 bed capacity present prior to the September 2006 CMS survey by opening an additional 52 beds at Rancho Los Amigos National Rehabilitation Center (Rancho), 20 beds at Harbor-UCLA Medical Center (Harbor-UCLA) and 17 beds through existing MetroCare private hospital contracts, and retaining the 64 inpatient beds previously opened at County and private facilities under the MetroCare plan.
8. Maintain all existing outpatient clinics for medical and surgical specialties through a Multi-service Ambulatory Care Center (MACC) at MLK-H.
9. Maintain inpatient and outpatient psychiatric services at the MLK-H Augustus F. Hawkins site.

10. The elapsed time to complete the above actions is 12 days, unless patient safety requires more immediate actions.
11. As the hospital and ED closures are effected, a workforce reduction plan will be initiated; the current inpatient clinical staff will be transferred to other county facilities.

### **BACKGROUND**

On August 10, 2007, (CMS) provided its final determination based on the survey conducted at MLK-H from July 23 to July 27, 2007. The hospital failed to meet several Conditions of Participation and, as a result, CMS will terminate the hospital's contract effective August 15, 2007. Based on our review of the CMS survey results and concerns over the ability to maintain safe staffing levels at the facility and in light of these results, I concluded that I cannot assure patient safety at the hospital. I have therefore notified the State licensing authority that the Department of Health Services (DHS or Department) must initiate immediate action to protect patient safety, including the closure of the ED and inpatient services at MLK-H.

At the Board's request, the Department presented a contingency plan for a negative finding on the CMS survey, which you endorsed on June 26, 2007. An update was provided to your Board on July 13, 2007. Given the survey results, the Department has begun implementing the plan. The Department is also requesting certain delegated authority, as detailed in this memorandum, necessary to implement this plan.

The Department's plan operates on two concurrent tracks: 1) immediate preservation of outpatient services at MLK-H, and availability of replacement inpatient services at other County and private facilities; and 2) simultaneous initiation of a longer-term plan to either identify qualified private operators to re-open and operate the hospital or to re-open the hospital under County management.

### **STAFF IMPACT**

1. DHS has developed a staffing plan for the MACC, its required diagnostic services, support staff, plant operations and maintenance personnel which maintains the current outpatient clinic volume and retains staff to operate a 20,000 visit per year urgent care center.
2. Clinical staff not required to maintain services will be reassigned first to meet staffing needs for the replacement beds at Harbor-UCLA and Rancho. After these needs are met, remaining clinical staff will be reassigned to other County health facilities.
3. Administrative and support staff not needed to run the outpatient services or to implement this significant transition will be subject to the workforce reduction plan.
4. DHS has retained Health Management Associates (HMA), a clinic redesign consultant, to develop a new patient flow staffing plan for outpatient, diagnostic and urgent care and identify appropriate staffing levels for these clinics.

5. DHS has established the MLK-H Transition Team that includes leadership from Health Services Administration and MLK-H. This team will oversee the closing of inpatient services at MLK-H, the implementation of the MACC, staff reassignments and other on-site actions required.

### **FINANCIAL IMPACT**

DHS financial staff have carefully reviewed the proposed changes in staffing and budget, to accommodate MLK-H patients in County and private facilities. The operating principle is that as patients are treated at other County and private hospitals, there are available revenue sources which will produce revenue for that facility. As these expense patterns change among our hospitals, complex revenue formulae from Medi-Cal redesign determine the revenue impacts. After these expenses and revenues have been netted out, the cost of all the changes is an additional \$2.9 million. The Department's Board approved 2007-08 budget will cover all of these costs.

### **IMPACT ON EMERGENCY MEDICAL SERVICES (EMS) AGENCY PROVIDERS, "IMPACTED HOSPITALS" AND PHYSICIANS**

The EMS Agency, in cooperation with the private hospitals and EMS providers (fire departments and ambulance companies), has redrawn the current ambulance service areas to redirect 911 ambulances to the 9 surrounding private hospitals (Attachment #2). These "Impacted Hospitals" will receive priority consideration for transfers of County-responsible patients into the County system.

The EMS Agency will attempt to facilitate transfers from "Impacted Hospitals" to DHS facilities or, as necessary, MetroCare contracted hospitals. If EMS is unable to transfer a County-responsible patient from the MLK-H service area, the Department has developed contracts with the "Impacted Hospitals" to provide reimbursement for admitted County-responsible 911 patients for up to six days of inpatient care and one follow-up visit. The authority to contract with the "Impacted Hospitals" for inpatient days and for patients treated and released is among the delegated authorities requested below.

Physicians will be paid for County-responsible patients who present to any "Impacted Hospitals" ED as walk-in patients per the existing EMS-administered physician indigent care program. In addition, for any County-responsible patients delivered by 911 ambulance who are treated and released, DHS is proposing that doctors be paid under the existing EMS program. For patients delivered by 911 ambulances who require inpatient admission, the physician services for the inpatient stay will be paid under the current MetroCare payment formula-100% of Medicare allowable rates.

### **INPATIENT AND OUTPATIENT PSYCHIATRIC SERVICES AND PSYCHIATRIC EMERGENCY ROOM**

This Department's plan assumes that there will be no change in the current organizational responsibilities for inpatient psychiatric services operated by LAC+USC Medical Center at Augustus F. Hawkins or the outpatient psychiatric urgent care center operated by the Department of Mental Health at the MLK-H site. The Psychiatric Emergency Room at MLK-H was closed December 15, 2006 as part of the service changes approved by your Board.

## **OPERATIONAL CONSIDERATIONS**

### **Licensure**

The Department has already initiated discussions with the State Department of Health Services (State) to allow the County to voluntarily place in suspense the inpatient license and special permits of the hospital and will formally pursue that avenue. This would allow the County or a *new operator to re-open the hospital under the same seismic and Building & Safety Code standards.*

### **Public Hearings and Notification**

We believe that, in order to preserve the public health and safety of patients, it was necessary to immediately initiate the closing of the ED and begin relocation of inpatient services in advance of a Beilenson hearing date. Under these circumstances, County Counsel has advised that these actions may be taken prior to a Beilenson hearing, but that such a hearing must be held as soon as practicable to address these and any future actions. In addition, based on previous discussions with the State, we anticipate that upon notice to the State that conditions are unsafe at the ED, and the State's confirmation of that fact, the State would waive the requirement to hold an ED closure hearing.

### **Bilingual Communications Outreach**

The Department has initiated a purchase order and is asking your Board to approve a contract with a vendor, which is preparing to immediately execute a community education campaign to inform the public of service changes at MLK-H. The bi-lingual campaign will consist of 6 weeks of radio spots on targeted stations, bus signage, and a direct mail flyer distributed to 300,000 households in the MLK-H community. The campaign will also include the production and distribution of 100,000 bi-lingual flyers distributed through local churches and community events, and posters at community supermarkets. The hospital will also distribute bi-lingual flyers throughout the facility and through its network of community partners. In addition, the Department will distribute news releases to community newspapers to inform them of service changes.

## **PLAN FOR RESTORATION OF INPATIENT AND ED SERVICES ON THE MLK- H SITE**

As reported previously, a key part of the plan is identifying a non-County operator to take over the operation of MLK-H or developing a plan for operating the hospital under reconfigured County leadership as quickly as possible. The Chief Executive Office (CEO) has retained The Hammes Company (Hammes) to conduct a rapid Request For Solutions (RFS) to solicit private proposals to operate healthcare services on the MLK-H site.

Hammes has begun preliminary research to identify healthcare providers with the potential to offer solutions and to develop of pre-negotiation strategies. Hammes will prepare the RFS and issue that document by October 2007. The consultants estimate that the process to identify a potential private operator may take from 1 to 2 months following release of the RFS and up to 18 months to begin re-opening the hospital.

### **PLAN FOR RESTORATION OF COUNTY OPERATED INPATIENT SERVICES**

In the event that a suitable private operator cannot be identified to reopen inpatient and ED services at King, the alternative of County operated services must be implemented. The need for services in the local area remains so great that the County will maintain its commitment to this underserved community and reopen the hospital. Concurrently with the RFS process, DHS will develop its alternative plan to operate MLK-H under a reconfigured county management structure.

### **CONCLUSION**

We believe that this plan is the best alternative to continuing the operation of this vital community asset, while also providing alternative emergency and inpatient services. This plan preserves, to the extent possible, the most critical components of the service delivery of MLK-H, while protecting patient safety. As the plan is implemented, we will continue to evaluate its effectiveness and viability, and identify modifications or enhancements to best meet the service needs in the community.

Therefore, we recommend that your Board approve the plan, as presented above and as previously endorsed, in principle, by your Board on June 26, 2007, and instruct the Department to complete its implementation.

We are further recommending that your Board:

1. Approve implementation of the plan, as described above.
2. Delegate authority to the Director of Health Services (Director) to negotiate and for the Chair of the Board to execute, without further action by the Board, the following Agreements and Agreement amendments related to the Department of Health Services' contingency plan and to offset the impact of MLK-H's cessation of inpatient and ED services:
  - (a) "Impacted Hospital" Services Agreements initially with St. Francis Medical Center, Downey Regional Medical Center, Doctors Hospital of Lakewood, California Hospital Medical Center, Kaiser Permanente Bellflower, Centinela/Daniel Freeman Medical Center, White Memorial Hospital, Memorial Hospital of Gardena, and Memorial Hospital of Long Beach or suitable and sufficient replacement hospitals, if needed, identified by the EMS Agency at an estimated total maximum obligation of \$16.3 million, for 12 months from Board acceptance of this plan upon approval by County Counsel and the Chief Executive Office. The maximum total obligation of \$16.3 million covers \$12.8 million of hospital services and augments the EMS Physician Payment Fund by \$2.2 million and funds \$1.3 million for physician payments for indigent admitted and treat and release patients. The contracts are to be effective August 11, 2007, providing the hospitals sign the contracts no later than August 24, 2007. All contracts signed after August 24, 2007, shall be effective upon date of signing.

- (b) Amend Agreement Number 75936 between the County of Los Angeles and Primary Critical Care Medical Group (PCCMG) for the provision of Hospitalist and Intensivist Physician Services to delete MLK-H, to include Rancho and to delegate authority to the Director of Health Services to add additional County health care facilities and to adjust the maximum obligation accordingly, at the rates of payment set forth in the Agreement, at an estimated maximum obligation of \$3 million from execution through November 30, 2007 upon approval by County Counsel and the CEO.
  - (c) Amend Agreement Number 75937 between the County of Los Angeles and California Emergency Physicians Medical Group (CEPMG) to remove ED Services and modify the provision of Urgent Care Center Services, at an estimated maximum obligation of \$ 6 million, from execution through November 30, 2007 upon approval by County Counsel and the CEO.
  - (d) Amend existing MetroCare contracts, as necessary to implement the plan.
  - (e) Approve agreement with Clear Channel Los Angeles to provide bi-lingual community outreach to residents through radio, print, direct mail, signage and community outreach to tell residents of the service changes at MLK-H and to direct them to alternate sources of care at an estimated maximum obligation of \$300,000, effective upon approval of the plan for a one-year period.
- 3. Make a finding pursuant to Los Angeles County Code section 2.121.420 that continued contracting for the provision of Urgent Care as well as Hospitalist and Intensivist Physician Services is feasible; and,
  - 4. Make a finding pursuant to Los Angeles County Code section 2.180.010 that, to the extent any of the above agreements for Physician Services will involve contracting with former County employees who are or may be officers, principals, partners or major shareholders of the contracting entity, that special circumstances exist which justify such contracts.
  - 5. Instruct the Director to schedule the Beilensen hearing no later than September 4, 2007.

BAC:jrc

Attachments (2)

c: Chief Executive Officer  
Deputy Chief Executive Officers  
County Counsel  
Executive Officer, Board of Supervisors  
Director of Personnel

# **Martin Luther King, Jr.- Harbor Hospital Plan:**

## **Implementation Steps**

### **COUNTY OPERATED HOSPITALS:**

1. Inpatient services previously provided at Martin Luther King-Harbor Hospital ( MLK-H ) will be provided at other Department of Health Services hospitals: Harbor-UCLA Medical Center (H/UCLA)-(20 inpatient beds), Rancho Los Amigos National Rehabilitation Center (Rancho)-(52 inpatient beds) and the MetroCare contract private hospitals (17 inpatient beds). Harbor-UCLA and Rancho have already begun the process of opening the additional beds and the contract hospitals are already available to receive patients, placed through current MetroCare contracts. The Board of Supervisors (Board) approved these private hospital contracts on November 28, 2006. These new beds, when added to already approved operating beds, restore the capacity for the 153 beds which were utilized at MLK-H in November 2006.
2. As of August 11, closed the Emergency Department and implemented the patient ambulance redistribution plan and are working with the State Department of Health Services to resolve the status of the facility's license.
3. Inpatient services at MLK-H are being phased out on a planned basis within the next ten days. If the Department makes a determination that it is necessary to move immediately to close the inpatient services due to staffing or increased patient safety concerns, the inpatient services will be closed immediately and patients will be transferred to other hospitals.
4. Urgent Care services on the MLK-H site will initially operate on a 16 hour 7 day per week basis to cover the existing 12,000 visits and will be expanded to serve up to 20,000 visits in order to absorb more of the walk-in ED visits now provided. The current contract with California Emergency Physicians Medical Group (CEPMG) will be modified to reflect the County's requirement to staff exclusively with physicians.
5. Contract ambulance services will be maintained for a period of time on site to provide immediate transfer to Harbor-UCLA of any patient needing care above the level of Urgent Care. The ongoing need for this service will be evaluated and either continued or not based on volume.
6. All outpatient clinics for medical and surgical specialties will continue on the MLK-H site through a Multi-service Ambulatory Care Center (MACC) as presented and approved in the October 17, 2006 MetroCare Board letter. Current diagnostic capabilities of MLK/H hospital will be maintained to provide an augmented level of radiology, lab and support services to support the MACC. Outpatient surgical services will also be expanded to work with Harbor-UCLA and other DHS facilities to reduce backlogs of procedures.
7. Inpatient and outpatient psychiatric services will continue to be provided at the Augustus Hawkins Building at the MLK/H site by Los Angeles County-University of Southern California (LAC+USC) and by the Department of Mental Health (DMH) as described in the October 17, 2006 MetroCare board letter.

8. Rancho Los Amigos will have an immediate need for Hospitalist and Intensivist services as it will be called upon first to increase its inpatient capacity to absorb patients who would have been admitted to MLK-H. The Department has requested delegated authority from the Board to include other directly operated health care facilities in the current hospitalist and intensivist contract's scope of work and budget in the future and in the event that these facilities also require additional staff for the implementation of the contingency plan begins.

#### **PRIVATE HOSPITALS:**

1. 911 ambulance transports are being redirected to 9 area hospitals, following a plan developed by the County Emergency Medical Services (EMS) Agency with the EMS Providers ( fire departments and ambulance companies) and the 9 hospitals. This represents approximately 12,000 visits per year.
2. Paramedic and ambulance boundaries have been redrawn by EMS to minimize the impact on any one hospital and to make clear to EMS providers and hospitals where 911 ambulance patients from the MLK-H area will be transported
3. Under these agreements, and consistent with inpatient bed agreements under the MetroCare plan, the DHS will reimburse each hospital \$1,950 for each inpatient day, for up to a total of six inpatient days, for each County-responsible patient delivered via ambulance admitted. A new provision would offer the hospitals and physicians payments for patients treated and released. The physicians treating patients will be reimbursed at the same rate of payment which they receive under the MetroCare plan, which is 100% of the Medicare allowable Area 18 fee schedule, to include a patient co-payment amount of 20%, not to exceed billed charges, again for a maximum of six inpatient days.

#### **BI-LINGUAL COMMUNICATIONS AND OUTREACH:**

DHS has identified an experienced vendor to provide communications that will reach community residents through radio, print, direct mail, signage and community outreach to inform residents of the changes and offer alternative locations for inpatient and emergency care as per the June 26, 2007 Board motion. All these communications will be bi-lingual.



